

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 INT-05 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 L-03 H-02 /078 W

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P 121740Z JAN 77

FM AMCONSUL WINNIPEG

TO AMEMBASSY OTTAWA PRIORITY

INFO SECSTATE WASHDC PRIORITY 1797

AMCONSUL TORONTO PRIORITY

UNCLAS WINNIPEG 0011

E.O. 11652: N/A

TAGS:EMIN,CA

SUBJ: SASKATCHEWAN COURT RULES AGAINST POTASH FIRM

1. JAN 12 TORONTO GLOBE AND MAIL REPORTS THAT SASKATCHEWAN COURT OF APPEAL HAS RULED AGAINST CENTRAL CANADA POTASH COMPANY LTD, AND HAS SUPPORTED THE PROVINCIAL GOVERNMENT'S CLAIM THAT ITS PRORATION-ING OF POTASH PRODUCTION WAS WITHIN PROVINCIAL JURISDICTION AND WITHIN THE SCOPE OF ITS MINERAL RESOURCES ACT.

2. (CENTRAL CANADA IS OWNED 49 PER CENT BY CENTRAL FARMERS FERTILIZER CO, A CHICAGO COOPERATIVE, AND 51 PER CENT BY NORANDA MINES LTD. ITS MINE AT COLONSAY IS CURRENTLY BEING EVALUATED BY THE PROVINCIAL GOVERNMENT IN PREPARATION FOR A PURCHASE OFFER.)

3. THE STORY DESCRIBES THE JUDGMENT AS 'A MAJOR VICTORY FOR THE PROVINCIAL GOVERNMENT' IN A SERIES OF COURT CHALLENGES BY POTASH COMPANIES BECAUSE IT UPHOLDS THE RIGHT OF A PROVINCE TO MANAGER ITS RESOURCES WITHOUT INFRINGING ON FEDERAL JURISDICTION IN TRADE AND COMMERCE. IT OVERTURNED AN EARLIER DECISION BY A JUDGE OF SASKATCHEWAN'S COURT OF QUEEN'S BENCH AND DISALLOWED DOLS 1.5 MILLION FOR DAMAGES AWARDED TO THE FIRM.

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4. CENTRAL CANADA MAY APPEAL THE RULING TO THE SUPREME COURT OF CANADA, ALTHOUGH NO DECISION HAS BEEN MADE YET. ITS PRESIDENT SAID HE WILL BE WATCHING CLOSELY THE OUTCOME OF A SUPREME COURT DECISION EXPECTED THIS MONTH ON A SIMILAR SUIT FILED BY CANADIAN INDUSTRIAL OIL AND GAS WHICH HAS CLAIMED THAT SASKATCHEWAN'S PETROLEUM ROYALTIES ARE AN INFRINGEMENT OF INTER-PROVINCIAL TRADE. IN ADDITION, THE

SASKATCHEWAN GOVERNMENT IS BEING CHALLENGED IN THE COURTS BY SEVERAL  
OTHER POTASH COMPANIES, INCLUDING ONE SUIT BY 11 COMPANIES WHICH  
CLAIMS THE PROVINCE'S RESERVE TAX IS UNCONSTITUTIONAL.  
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## Message Attributes

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